

# House File 2519 - Introduced

HOUSE FILE 2519

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2292)

(SUCCESSOR TO HSB 540)

(COMPANION TO SF 2325 BY  
COMMITTEE ON COMMERCE)

## A BILL FOR

1 An Act related to matters under the purview of the economic  
2 development authority including the high quality jobs  
3 program, the Iowa energy center, and the workforce housing  
4 tax incentive program, and including effective date and  
5 retroactive applicability provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 15.108, subsection 9, paragraph g, Code  
2 2022, is amended to read as follows:

3 g. Administer the Iowa energy center established in section  
4 15.120. This paragraph "g" is repealed July 1, 2022 2027.

5 Sec. 2. Section 15.120, subsection 1, Code 2022, is amended  
6 by adding the following new paragraph:

7 NEW PARAGRAPH. h. To support research and development of  
8 strategies for carbon management.

9 Sec. 3. Section 15.120, subsection 5, Code 2022, is amended  
10 to read as follows:

11 5. This section is repealed July 1, 2022 2027.

12 Sec. 4. Section 15.335C, subsection 2, Code 2022, is amended  
13 to read as follows:

14 2. For purposes of this section, "*economically distressed*  
15 *area*" means a county that ~~ranks among the bottom thirty-three of~~  
16 ~~all Iowa counties, as measured by one~~ meets at least three of  
17 the following criteria:

18 a. Average The county ranks among the thirty-three Iowa  
19 counties with the highest average monthly unemployment level  
20 rates for the most recent twelve-month period based on the  
21 applicable local area unemployment statistics produced by the  
22 United States department of labor, bureau of labor statistics.

23 b. Average The county ranks among the thirty-three Iowa  
24 counties with the highest average annualized unemployment  
25 level rates for the most recent five-year period based on the  
26 applicable local area unemployment statistics produced by the  
27 United States department of labor, bureau of labor statistics.

28 c. The county ranks among the thirty-three Iowa counties  
29 with the lowest annual average weekly wages based on the most  
30 recent quarterly census of employment and wages published  
31 by the United States department of labor, bureau of labor  
32 statistics.

33 d. The county ranks among the thirty-three Iowa counties  
34 with the highest family poverty rates based on the most recent  
35 American community survey five-year estimate released by the

1 United States census bureau.

2 e. The county ranks among the thirty-three Iowa counties  
3 with the highest percentage population loss. Percentage  
4 population loss shall be calculated by comparing the most  
5 recent population estimate produced by the United States  
6 census bureau to the most recent decennial census released  
7 by the United States census bureau, except for a calendar  
8 year in which the decennial census data is released, then the  
9 percentage population loss shall be calculated by comparing the  
10 population in the decennial census released that calendar year  
11 to the population in decennial census released ten years prior.

12 f. The county ranks among the thirty-three Iowa counties  
13 with the highest percentage of persons sixty-five years of age  
14 or older based on the most recent American community survey  
15 five-year estimate released by the United States census bureau.

16 Sec. 5. Section 15.335C, Code 2022, is amended by adding the  
17 following new subsection:

18 NEW SUBSECTION. 3. The authority may designate a county  
19 that does not meet at least three of the criteria in subsection  
20 2 as an economically distressed area under this section if  
21 a business located in the county experiences a layoff or a  
22 closure that has a significant impact on a community within the  
23 county. The authority shall adopt rules to establish a process  
24 for designating a county an economically distressed area under  
25 this subsection.

26 Sec. 6. Section 15.352, subsection 10, Code 2022, is amended  
27 to read as follows:

28 10. "*Small city*" means any of the following:

29 a. Any city or township located in this state, except those  
30 located wholly within one or more of the eleven most populous  
31 counties in the state, as determined by either the most recent  
32 population estimates—issued estimate produced by the United  
33 States bureau of census or the most recent decennial census  
34 released by the United States bureau of census.

35 b. Any city or township located wholly within one or more of

1 the eleven most populous counties in the state, as determined  
2 pursuant to paragraph "a", and that meets all of the following  
3 requirements:

4 (1) The city or township has a population less than or equal  
5 to two thousand five hundred as determined by either the most  
6 recent population estimate produced by the United States bureau  
7 of census or the most recent decennial census released by the  
8 United States bureau of census.

9 (2) The city or township had population growth of less  
10 than thirty percent as calculated by comparing the population  
11 in the most recent decennial census released by the United  
12 States census bureau to the population in the decennial census  
13 released ten years prior.

14 Sec. 7. Section 15.352, Code 2022, is amended by adding the  
15 following new subsection:

16 NEW SUBSECTION. 11. "Urban area" means any city or  
17 township, except for a small city, that is wholly located  
18 within one or more of the eleven most populous counties in  
19 the state, as determined by either the most recent population  
20 estimate produced by the United States bureau of census or the  
21 most recent decennial census released by the United States  
22 bureau of census.

23 Sec. 8. Section 15.353, subsection 2, paragraph e, Code  
24 2022, is amended by striking the paragraph.

25 Sec. 9. Section 15.353, subsection 3, Code 2022, is amended  
26 to read as follows:

27 3. a. Except as provided in paragraph "b", the average  
28 dwelling unit cost does not exceed ~~two hundred thousand~~  
29 ~~dollars per dwelling unit~~ the maximum amount established by  
30 the board for each fiscal year for the applicable project  
31 type and project location. The board shall establish the  
32 maximum average dwelling unit cost for a project that includes  
33 single-family dwelling units that is located in a small city  
34 and for a project that includes single-family dwelling units  
35 that is located in an urban area. The board shall establish

1 the maximum average dwelling unit cost for a project that  
 2 includes multiple dwelling unit buildings and is located  
 3 in a small city and for a project that includes multiple  
 4 dwelling unit buildings and is located in an urban area. In  
 5 establishing each maximum average dwelling unit cost, the board  
 6 shall primarily consider the most recent annual United States  
 7 census bureau building permits survey and historical program  
 8 data.

9 ~~b. (1) The average dwelling unit cost does not exceed two~~  
 10 ~~hundred fifty thousand dollars per dwelling unit if~~ If the  
 11 project involves the rehabilitation, repair, redevelopment,  
 12 or preservation of property described in section 404A.1,  
 13 subsection 8, paragraph "a", the average dwelling unit cost  
 14 shall not exceed one hundred twenty-five percent of the maximum  
 15 average dwelling unit cost established by the board for the  
 16 applicable project type and project location as provided in  
 17 paragraph "a".

18 ~~(2) The average dwelling unit cost for the project does not~~  
 19 ~~exceed two hundred fifteen thousand dollars per dwelling unit~~  
 20 ~~if the project is located in a small city.~~

21 Sec. 10. Section 15.354, subsection 3, paragraph c,  
 22 subparagraph (2), Code 2022, is amended to read as follows:

23 (2) The authority may for good cause within the discretion  
 24 of the authority extend a housing project's completion  
 25 deadline ~~once~~ by up to twelve months upon application by  
 26 the housing business, which application shall be made prior  
 27 to the expiration of the three-year completion deadline in  
 28 subparagraph (1) ~~in the manner and form prescribed by the~~  
 29 authority. The authority may approve a second extension of  
 30 up to twelve months if prior to the expiration of the first  
 31 twelve-month extension the housing business applies and  
 32 substantiates to the satisfaction of the authority that the  
 33 second extension is warranted due to extenuating circumstances  
 34 outside the control of the housing business. An application  
 35 by a housing business shall be made in the manner and form

1 prescribed by the authority by rule.

2     Sec. 11. Section 15.354, subsection 3, paragraph e,  
3 subparagraph (2), subparagraph divisions (b) and (c), Code  
4 2022, are amended to read as follows:

5     (b) If the project costs cause the housing project's average  
6 dwelling unit cost to exceed the applicable maximum amount  
7 authorized in [section 15.353, subsection 3](#), but do not cause  
8 the average dwelling unit cost to exceed one hundred ~~ten~~ fifty  
9 percent of such applicable maximum amount, the authority may  
10 consider the agreement fulfilled and may issue a tax credit  
11 certificate. In such case, the authority shall reduce the tax  
12 incentive award and the corresponding amount of tax incentives  
13 the eligible housing project may claim under section 15.355,  
14 subsections 2 and 3, by the same percentage that the housing  
15 project's average dwelling unit cost exceeds the applicable  
16 maximum amount under [section 15.353, subsection 3](#), and such  
17 tax incentive reduction shall be reflected on the tax credit  
18 certificate. If the authority issues a certificate pursuant  
19 to this subparagraph division, the department of revenue  
20 shall accept the certificate notwithstanding that the housing  
21 project's average dwelling unit costs exceed the maximum amount  
22 specified in [section 15.353, subsection 3](#).

23     (c) If the project costs cause the housing project's average  
24 dwelling unit cost to exceed one hundred ~~ten~~ fifty percent of  
25 the applicable maximum amount authorized in section 15.353,  
26 subsection 3, the authority shall determine the eligible  
27 housing business to be in default under the agreement, shall  
28 revoke the tax incentive award, and shall not issue a tax  
29 credit certificate. The housing business shall not be allowed  
30 a refund of sales and use tax under section 15.355, subsection  
31 2.

32     Sec. 12. EFFECTIVE DATE. This Act, being deemed of  
33 immediate importance, takes effect upon enactment.

34     Sec. 13. RETROACTIVE APPLICABILITY. The following  
35 apply retroactively to July 1, 2021, to all eligible housing

1 businesses that the economic development authority has not  
2 notified of the amount that the housing business may claim  
3 as a refund of the sales and use tax under section 15.355,  
4 subsection 2, and all eligible housing businesses that the  
5 economic development authority has not issued a tax credit  
6 certificate stating the amount of workforce housing investment  
7 tax credits under section 15.355, subsection 3, the eligible  
8 housing business may claim:

9 1. The section of this Act amending section 15.352,  
10 subsection 10.

11 2. The section of this Act enacting section 15.352,  
12 subsection 11.

13 3. The section of this Act amending section 15.353,  
14 subsection 2, paragraph "e".

15 4. The section of this Act amending section 15.353,  
16 subsection 3.

17 5. The section of this Act amending section 15.354,  
18 subsection 3, paragraph "e", subparagraph (2), subparagraph  
19 divisions (b) and (c).

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with  
22 the explanation's substance by the members of the general assembly.

23 This bill relates to matters under the purview of the  
24 economic development authority (authority) including the high  
25 quality jobs program, the Iowa energy center, and the workforce  
26 housing tax incentive program.

27 Under current law, Code section 15.120, which establishes  
28 the Iowa energy center, is repealed on July 1, 2022. The bill  
29 extends the date to 2027. The bill requires the Iowa energy  
30 center to support research and development of strategies for  
31 carbon management.

32 Under current law, for purposes of the high quality jobs  
33 program, a county is qualified as an economically distressed  
34 area if the county ranks among the bottom 33 of all Iowa  
35 counties, as measured by either the monthly unemployment level

1 for the most recent 12-month period, or the average annualized  
2 unemployment level for the most recent five-year period. Under  
3 the bill, a county qualifies as an economically distressed  
4 area if it meets at least three of the criteria detailed in  
5 the bill. The authority may designate a county that does  
6 not meet at least three of the criteria as an economically  
7 distressed area if a business located in the county experiences  
8 a layoff or a closure that has a significant impact on a  
9 community within the county. The authority shall adopt rules  
10 to establish a process for designating a county an economically  
11 distressed area under those circumstances.

12 Under current law, for purposes of the workforce housing  
13 tax incentive program (program), a "small city" is defined  
14 as any city or township, except those located wholly within  
15 one or more of the 11 most populous counties in the state, as  
16 determined by the most recent population estimates issued by  
17 the United States bureau of census (census bureau). The bill  
18 defines "small city" as any city or township, except those  
19 located wholly within one or more of the 11 most populous  
20 counties, as determined by either the most recent population  
21 estimate or the most recent decennial census released by the  
22 census bureau; or any city or township located wholly within  
23 one or more of the 11 most populous counties in the state,  
24 that has a population less than or equal to 2,500, and that  
25 had population growth of less than 30 percent as calculated by  
26 comparing the population in the most recent decennial census to  
27 the population in the decennial census released 10 years prior.

28 The bill defines "urban area" as any city or township, except  
29 for a small city, that is wholly located within one or more of  
30 the 11 most populous counties. "Urban area" is not defined for  
31 purposes of the program under current law.

32 The bill removes new construction, rehabilitation, repair,  
33 or redevelopment of dwelling units in a distressed workforce  
34 housing community as an option for a proposed housing project  
35 (project) under the program. To receive workforce housing tax



1 incentives (tax incentives) under the program, a project cannot  
2 exceed a specific average dwelling unit cost (unit cost), which  
3 varies depending on the type of project and whether the project  
4 is located in a small city or an urban area, as determined by  
5 the authority board as detailed in the bill.

6 Under current law, the authority may extend a project's  
7 completion deadline under the program up to 12 months upon  
8 application by the housing business, which must be made prior  
9 to the expiration of the project's three-year completion  
10 deadline. Under the bill, the authority may approve a second  
11 extension of up to 12 months if prior to the expiration of the  
12 first 12-month extension the housing business makes application  
13 and substantiates to the satisfaction of the authority that the  
14 extension is warranted due to extenuating circumstances outside  
15 the control of the housing business.

16 Under current law, if the cost of a project causes a housing  
17 project's average unit cost to exceed the authorized maximum  
18 amount, but does not cause the average unit cost to exceed  
19 110 percent of the maximum amount, the authority may issue  
20 a tax credit certificate (certificate). If the cost of the  
21 project causes the average unit cost to exceed 110 percent, the  
22 authority shall determine the housing business is in default,  
23 revoke the housing business's tax incentive award, and not  
24 issue it a certificate. Under the bill, the average unit cost  
25 cannot exceed 150 percent of the authorized maximum amount.

26 The sections of the bill amending Code sections 15.352(10),  
27 15.352(11), 15.353(2)(e), 15.353(3), and 15.354(3)(e)(2)(b)-(c)  
28 apply retroactively to July 1, 2021, to all eligible housing  
29 businesses that the authority has not notified of the amount  
30 that the housing business may claim as a refund of the sales  
31 and use tax under Code section 15.355(2) and all eligible  
32 housing businesses that the authority has not issued a  
33 certificate stating the amount of workforce housing investment  
34 tax credits under Code section 15.355(3) the eligible housing  
35 business may claim.

1     The bill takes effect upon enactment.